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SUBJECT: THE US AND THE MEXICAN ELECTIONS; WTO DOHA ROUND; MIDDLE
EAST; VENEZUELAN OIL; EX ARGENTINE ECONOMY MINISTER LAVAGNA'S
STATEMENTS ABOUT CHAVEZ; ARGENTINE JUDICIAL SECURITY 06/27/06

1. SUMMARY STATEMENT

Today's most important international stories include the main points of the US-Mexican bilateral agenda vis-à-vis upcoming Mexican presidential elections; the main issues that need to be tackled in the upcoming WTO Doha Round; the impact of the Israeli soldier's kidnapping on the Middle East peace process; facts and figures on Venezuelan oil production; former Argentine Economy Minister Roberto Lavagna's statements about Venezuelan President Hugo Chavez; and an editorial assessing Argentine judicial security.

2. OPINION PIECES AND KEY STORIES

- "The US, the focus of the Mexican election campaign"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," writes (06/27) "... Having a 3,000-kilometer common border with Mexico, the US eagerly expects the outcome of this Sunday's presidential elections in Mexico. The Bush administration wants to collaborate on a solution for drug trafficking and criminal gangs with the new government as soon as possible.

"The immigration reform is also a top priority on the bilateral agenda, with over 500,000 people entering the US through the desert every year.

"Disagreement over NAFTA is the other focus. And its handling could change a lot according to who wins the presidential election."

- "WTO Doha Round will move its last pieces in Geneva"

Business-financial "El Cronista" (06/27) reports "The ministers of Commerce of the 149 WTO countries will hold a new 'crucial' Doha Round meeting. They will define the negotiation modalities in agricultural and industrial markets. According to WTO head Pascal Lamy, those are issues in which 'much work' still needs to be done.

"The ministers will meet in Geneva... to establish a new set of agricultural and industrial tariffs as well as farm subsidies, the two thorniest issues in the multilateral debate and on which the other topics of negotiation depend."

- "The consequences of an action"

Oscar Raul Cardoso, international analyst of leading "Clarín," writes (06/27) "... Israeli Gilad Shalit, who was captured near the Gaza Strip, is the first Israeli soldier who has been captured by rebels, and, therefore, he is making the Israeli government confront a 'kidnapping.' Shalit was captured after performing an action in

Israel when there is no war confrontation between the two sides.

"... Clearly, the soldier's murder will have a devastating impact on any negotiating effort... The Palestinians' apprehension of the soldier reveals the existence of a tunnel connecting Gaza to Israel. Who can say that there are not other completed or ongoing works?

"Will Israeli PM Ehud Olmert feel compelled to at least partially recover the control of his country in Gaza through military intervention? From all standpoints, this could imply a significant retreat.

"... Things are no better on the other side of the conflict. This further poisons Palestinian PM Mahmoud Abbas' efforts to revive some diplomatic relations and forces him to face possible escalation. The situation has worsened even within Hamas - the attack suggests that there are groups of Hamas that do not fully respond to its political leadership, which holds a majority in Congress."

- "Doubts about Venezuelan oil"

Daily-of-record "La Nacion" carries an opinion piece by contributor Andres Oppenheimer, who writes (06/27) "According to a US South Command internal report about long-term oil production in Latin America, Venezuelan President Hugo Chavez will most likely have problems in maintaining his country's domestic production, while fulfilling his promise to help provide 'energy' to his neighbors.

"... Many US oil experts are skeptical about Venezuela's official information...

"I have concluded that it is hard to know who is providing precise information about Venezuelan oil. However, independent oil experts seem to agree that Chavez will not be able to meet his ambitious promises of energy aid while maintaining or increasing local production.

"If he is lucky enough, he could do one thing or the other, but it is unlikely he will satisfy both, particularly if oil prices start to stumble, which many experts predict will occur."

- "'People want alternatives'"

Liberal, English-language "Buenos Aires Herald" reprints a Reuters interview with former Argentine Economy Minister Roberto Lavagna (06/27) "Roberto Lavagna, former economy minister and architect of Argentina's economic rebound, won't say he aims to run for president next year, but he is relishing speculation about his candidacy that has put the government on the defensive.

"... Like political hopefuls and heavyweights all over the region, Lavagna made sure to define how he feels about Venezuelan President Hugo Chavez, the anti-US leader seeking to spread his influence throughout Latin America.

"He likened Chavez's influence in the region to a 'sickness.'

"Lavagna said Argentina must align itself with what some have called the pragmatic left in South America, rather than the more radical Chavez or Bolivia's Evo Morales, in part to help lure greater foreign investment.

"Lavagna said Kirchner has moved closer to Chavez and increased the state's role in the economy, pointing to the government's takeover of a water company, and its assertion of greater control over the transport sector rather than spending more on education and health and security."

13. EDITORIALS

- "Argentina, Spain and investment"

Daily-of-record "La Nacion" editorializes (06/27) "(Argentine) President Nestor Kirchner's recent official trip to Spain may be labeled positive, as long as the presidents of the two countries emphasized they both intend to make strategic progress on their

alliance. However, Spanish investors still have some doubts..., they do not seem to have been adequately targeted, particularly when it comes to judicial security issues.

"... It is not enough to point out that there is no better judicial security than that of a country that has had sustained economic growth for 44 months in a row. The criterion according to which capital flows where there are good business opportunities, regardless of the risk posed by changing game rules is limited and obtuse.

"When businessmen ask for judicial security for their investment they think of something else. They need stable economic rules and labor regulations; they do not want authorities to interfere in the companies' cost structures (as has happened lately) or to order an overnight ban on certain exports with the excuse that local consumption comes first.

"While these discrepancies are not solved..., prevailing difficulties will prevent Argentina from becoming an attractive country for the world and its investment."

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GUTIERREZ